

## **The complaint**

G, a limited company, complains that ClearBank Limited won't reimburse money it lost to what it believes was an Authorised Push Payment (APP) scam. G is represented by its director, Mr K.

G has a business banking account with Tide. Tide's bank accounts are provided by ClearBank, so ClearBank is the respondent business here. But as Mr K's dealings were with Tide, for simplicity, I'll refer to Tide in my decision.

## **What happened**

In August 2025, Mr K found an advert for a second-hand car on a popular car sales website. After speaking to the seller on the phone, he asked them to send him a video of the car being driven. Mr K paid a deposit of £300 through G's Tide account after reviewing the videos and having the seller confirm that there was nothing wrong with the car. The remaining balance of £1,700 was paid the next day on delivery of the car. The payments were made through the Faster Payments Scheme.

Mr K says he didn't test drive the car until a little later, and it is then that he discovered it was in a bad condition. He says he also found out that he'd been given a fake V5C or 'new keeper slip', which meant he couldn't tax the car. Mr K contacted the seller, but they cut off all contact with him.

Mr K contacted Tide and asked it to reimburse the £2,000 that had been sent to the seller, as he said this was a scam. Tide didn't agree that this was a scam. Instead, it considered the matter to be a private civil dispute between G/Mr K and the seller.

Mr K brought G's complaint to our Service, but our Investigator agreed that Tide didn't need to reimburse G as it was involved in a civil dispute with the seller. Mr K disagreed and asked for an Ombudsman's decision. In summary, he said the seller engaged in deliberate deception from the outset by claiming the car was in a perfect condition. But an independent inspection has confirmed that the car was unroadworthy and dangerous.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I consider to be the heart of the matter here – whether Tide acted fairly in its answering of G's complaint. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this, and it simply reflects the informal nature of our Service as a free alternative to the courts.

In broad terms, the starting position in law is that a payment service provider like Tide is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. There's no dispute here that Mr K, on behalf of G, authorised the payments in question.

Mr K says the payments were made due to falling victim to an APP scam. From 7 October 2024, payment service providers in the UK have been bound by the Faster Payments Scheme (FPS) and the CHAPS reimbursement rules ('the reimbursement rules'). Under these rules, most victims of APP scams should be reimbursed. Private civil disputes aren't covered.

The reimbursement rules define an APP scam as:

*"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:*

- *The recipient is not who the consumer intended to pay, or*
- *The payment is not for the purpose the consumer intended"*

A 'private civil dispute' is defined as:

*"a dispute between a consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty."*

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance on civil disputes:

*"Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act."*

It also provided an example of a civil dispute:

*"...such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier."*

So, to uphold this complaint, and to tell Tide to reimburse G the money that was paid from its account, I'd need to be persuaded that the APP scam definition as set out above is met in the circumstances of what happened in this case.

There's no dispute here that Mr K, on behalf of G, paid who he intended to pay. The seller of the car was the intended recipient and was the person who received the funds. So, the first part of the reimbursement rules' APP scam definition doesn't apply. For G to have been the victim of an APP scam, I'd need to be satisfied that the seller set out to defraud or dishonestly deceive it and/or Mr K about the very purpose for which the payment was procured.

Mr K's purpose for the payments was to buy the car and the seller's purpose was to sell it to him – so the purposes do match. Mr K did end up with the specific car he intended to buy; his issues instead stem from the quality of that car and misrepresentation of this by the seller. But these issues more closely resemble a complaint about the quality of goods

received or that the goods are defective in some way which, as I've set out above, are specifically excluded from the APP scam definition in the reimbursement rules.

Mr K says that the purpose of his payment was to purchase a roadworthy and functional car. He states the mechanic's inspection report proves that the purpose the seller had in mind for the payment did not align with the purpose he had. I've reviewed the report and can see that several defects have been noted. The mechanic has also said the car is unroadworthy and shouldn't have been advertised for sale.

Given the list of defects and the mechanic's comments, I completely understand why Mr K feels aggrieved. But, having thought carefully, I'm not persuaded that I can safely say with any certainty that the seller set out with an intent to defraud Mr K, or didn't intend to fulfil the purpose it had agreed with him for the transaction. I'm mindful that some of the issues noted in the mechanic's report were already listed as advisories on the car's MOT test which was carried out a few months prior to the payments. So, this information was publicly available. As for the tyres, the mechanic's report doesn't mention any specific details about the tread depth limit. So, while it is noted that the tyres were worn out, they could still have been above the legal limit.

Mr K has also raised concerns about being given a fake new keeper slip – he says this is a clear act of deception intended to prevent him from legally using the vehicle. But it's also possible that the seller could have provided an old slip. Reading the chat messages between Mr K and the seller, that is also what the seller appears to have thought at the time. In most instances, the seller provides the new keeper slip so the vehicle can be taxed. But where this isn't done by a seller, or there isn't a V5C (logbook) available, it's my understanding that the buyer can do this themselves through completing the appropriate form which is available on the DVLA's website. So, I can't agree that because the seller didn't provide the correct new keeper slip or follow the usual process, it meant that they were acting fraudulently. Or that this wasn't a lawful purchase.

I fully accept that some of what Mr K has described calls into question the seller's professionalism. And I'm not saying that I don't accept he's been tricked by the seller – I recognise that if he had known the true quality of the car, it's very unlikely he would have bought it. But those things are not a relevant consideration when considering Tide's liability under the reimbursement rules. The payments made from G's account need to meet the specific definition of APP scam for the reimbursement rules to apply – I've explained why they don't. In the circumstances, I don't think Tide acted unfairly by not reimbursing G under the reimbursement rules. I also don't think there are any other grounds on which it would be fair and reasonable to require Tide to refund the payments. As the issues stem from the quality of the car and the aftercare, this is something Mr K would need to pursue through other avenues outside of Tide.

I'm mindful that Mr K has questioned why the Consumer Rights Act 2015 hasn't been applied in this case. The Act covers contracts entered into by a consumer, which has a specific definition and doesn't include limited companies or individuals acting for purposes that are wholly or mainly for their trade, business craft or profession. It's unclear whether this transaction would be covered under the provisions of the Act. Even if it did, Tide's obligations in respect of any potential breach by the seller would only apply if the car had been bought on credit and it was the lender of that credit. That isn't what happened here. As such, any claim that Mr K might have under this Act would need to be made against the seller rather than Tide. I appreciate that Mr K has been unable to contact the seller and has already been in touch with Citizens Advice. If he hasn't already, he may wish to consider reporting the matter to Trading Standards or seek further legal advice.

**My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 20 May 2026.

Gagandeep Singh  
**Ombudsman**